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United Kingdom and the Common Market

West German Farm Output and Trade

Foreign Agricultural Service
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This week's cover:

Barges ply up and down German rivers delivering grain and other imports loaded at major ports such as Rotterdam. **See import story page 10.**

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The United Kingdom

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By DON PAARLBERG
Director
Agricultural Economics

Twice during the last decade the British sought entry into the European Community (EC), and twice (1963 and 1967) they failed. This year they are trying again, and, perhaps because it is now or never, they may be about to succeed. The British may not understand the finer points of baseball, but they do understand that three strikes are out.

At the same time, attitudes of Common Market members have become more favorable toward Britain's entry. They are less afraid of British domination as their own economies have grown, and the United Kingdom's huge market for farm products is becoming more and more attractive to EC countries often burdened with agricultural surpluses.

The greater willingness of both Britain and the Common Market to work for Britain's entry into the EC has been recently demonstrated. During an all-night session on May 12–13 in Brussels, Belgium, the negotiators of Britain and the six present Common Market members agreed on three important issues.

One was the detailed terms of Britain's 5-year transition to Common Market domestic price levels and external tariffs and variable levies for agriculture. While this issue had been one of major contention in the past, the United Kingdom's recent adoption of agricultural policies paralleling those of the Common Market, such as minimum import prices and variable levies, paved the road to a formal agreement. (See *Foreign Agriculture*, May 3 and 10.)

Another issue was resolved in a more general way. Britain and the EC agreed to the principles by which the United Kingdom's contributions to the Common Market's agricultural fund (FEOGA) would be governed. A major part of the fund will go into farm price supports and agricultural restructuring.

The bargain, in general terms, is that there would be maximum percentages for yearly contributions from the United Kingdom during the 5-year transition period to the Common Market economy and that each year's contribution would be increased in amount. What the percentages will be based on is not yet certain.

Finally, the United Kingdom accepted broad commitments from the Common Market to safeguard Commonwealth members' agricultural markets in Britain—especially for sugar. No sugar quotas or tonnages were agreed upon. They will be hammered out at other meetings. Certain developing Commonwealth nations will be offered association with the Common Market much like the association that former colonies of EC countries have now, or, as an alternative, selected trade preferences or special trade agreements.

However, these accords do not mean that all will be clear sailing at the two ministerial sessions between Common Market countries and the United Kingdom scheduled for this week and June 21 and 22. The specific percentages and amounts of contributions the United Kingdom would make to the Common Market agricultural fund are still to be decided. And the vexing problem of guarantees for New Zealand's U.K. market for dairy products after Britain joins the Common Market is still far from solution.

But Britain's acceptance of EC agricultural policies and general market guarantees for Commonwealth members has definitely demonstrated the country's will to join the Common Market. Britain's leaders have decided, after prolonged soul searching, that they would rather have a role within the growing Common Market than a shrinking role outside.

In earlier days, when Britain's strength was great and the Continent was divided, Britain held the balance of power in Europe and was a major influence in world diplomacy. Now, with much of Western Europe united in the Common Market, Britain is taking a lesser and lesser role in the shaping of world events. If Britain stays outside the EC, its power will probably continue to decline. However, access to, and competition from, the thriving market on the Continent could provide a shot in the arm for British industry.

Many of the immediate problems of U.K. entry into the Common Market will be agricultural. The EC's Common Agricultural Policy has as its objective high farm prices, unaccompanied by production controls, protected by variable levies. The results within the Common Market are high retail food prices, high farm program costs, an overstimulated agriculture, costly export subsi-

dies, and disgruntled trading partners.

The United Kingdom has had quite a different farm policy. U.K. farm prices have been relatively low with farm incomes supplemented by deficiency payments. Retail food prices have been moderate. Agricultural tariffs were relatively low, and preferences were provided to the Commonwealth countries, particularly Canada, New Zealand, and Australia. Commonwealth preference has been the glue holding together what remains of the British Empire.

Accepting the Common Agricultural Policy, which is the price of admission into the EC, means that Britain also has to accept increased retail food prices, substantial reductions in preferences given Commonwealth countries, the raising of barriers against agricultural imports from its traditional chief supplier (the United States), exposure of British farmers to competition with certain low-cost farm enterprises (particularly horticultural) on the Continent, and the net transfer of large sums to the EC agricultural fund.

While the intentions of British leaders are clear from their recent decisions to revise U.K. agricultural policy in line with the EC's Common Agricultural Policy, intentions of the leaders of present members of the EC are less clear.

Several considerations incline the Continent toward accepting Britain. Personalities have changed since de Gaulle vetoed earlier British efforts. Britain would be a market for surplus EC farm products. Britain would pay in more money than she would draw out. Britain would probably come in as a participating member rather than as a dominant member and would diminish the likelihood that any one country would dictate Community policy.

On the other hand, Britain is still somewhat suspect for her "special relationship" with the United States. De Gaulle's concern that U.S. businessmen might get more control of EC production and trade was not his alone.

Watching all these developments and negotiations, with mixed emotions, is the United States. On the one hand, we would like to see an enlarged Community because it could be a thriving market for certain of our exports and investments. On the other hand, the entry of Britain into the EC would place some of our exports in jeopardy.

American farmers are particularly concerned. During 1970 almost one-sixth of U.S. agricultural exports went to the United Kingdom. If included in the EC, Britain would raise tariffs on agricultural imports to EC levels—and these are very hard for the United States to get over as they reflect the difference between world prices and internal EC prices.

Another concern of the United Sates is the seeming trend to regionalized trading blocks, which are springing up in various parts of the world or increasing in size. In addition to the European Community (EC), there are the European Free Trade Association (EFTA), the Central American Common Market (CACM), the Latin American Free Trade Association (LAFTA), the Council for Economic Mutual Assistance (CEMA) of Eastern Europe, the East African Community (EAC), and others.

All are characterized by a greater freedom of trade among members and a relative decline in freedom of trade with the rest of the world.

Those who watch the trends in world trade ask themselves whether regional trade is, in a net sense, a move toward liberal trade or a move toward protectionism. American wheat growers, who have seen their market decline in Western Europe in recent years (the current marketing year is an exception), are convinced that regional trading blocks are essentially protectionist. French wheat growers, however, who have seen the other countries of Western Europe open their markets to French wheat, are convinced that regional trading blocks help liberalize trade.

Some people say that regional trade is a necessary interim step toward liberal trade on a broader basis. Nathaniel Samuels, Deputy Under Secretary of State for Economic Affairs, says it this way: "So far as trade is concerned, regional blocks are a step back. But they may have to take a step back so they can take two steps forward."

At this time can it be predicted whether or not some kind of agreement, involving British entry into the Common Market, will be negotiated this summer? And if such an agreement is reached, will it be accepted by the British Parliament to become effective?

Knowledgeable observers are guessing that there is about a 50-50 chance Parliament will ratify an agreement.

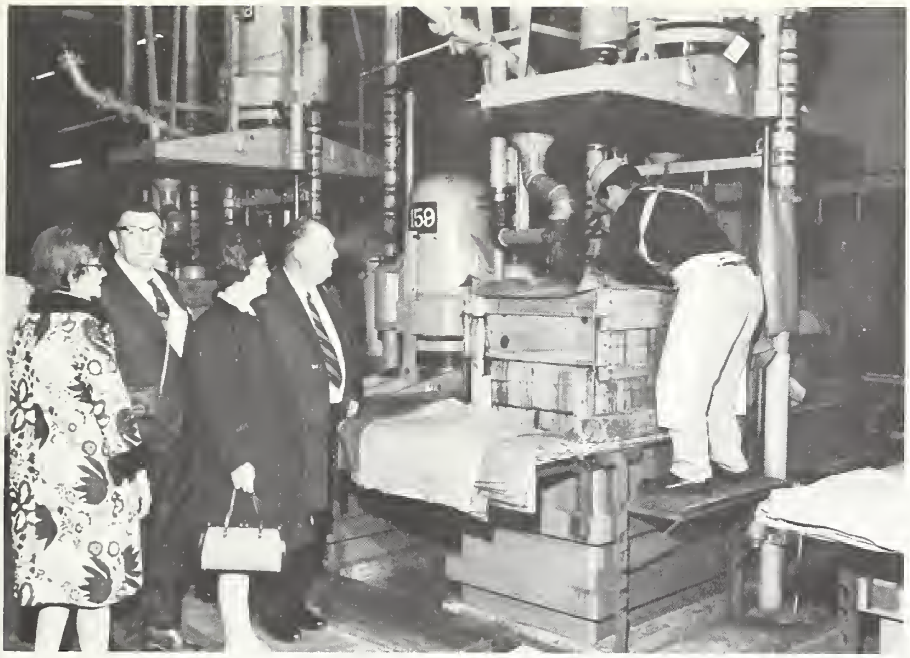
The present Conservative Government would make a strong effort to push for ratification. Whether this could be achieved or not depends in part on the opposition Labour Party. Though the Labour Party supported accession when it was in power, the thought is that if the terms are less attractive than is hoped, the Labour Party might oppose accession.

Meanwhile, on this side of the Atlantic, farmers, tradesmen, and diplomats watch the proceedings with keen interest. Much is at stake, economically, politically, and militarily.

The official U.S. position is to look with favor on British accession, to avoid direct involvement in the negotiations, and to try to see that legitimate American interests, especially those of agriculture, are protected.

Whatever happens, we will be witnessing an historic event—an effort to achieve multinational unity in a part of the world where for many years intense national rivalry was the rule.

Fields and pastures in the Northamptonshire countryside.



Americans watch Japanese worker preparing to press soybeans for sauce.

Japanese Imports of U.S. Soybeans Peak at 2.9 Million Tons in 1970

Japanese imports of U.S. soybeans set a record in 1970, reflecting that country's steadily increasing consumption of vegetable oils and the growth of its broiler, egg, and pork industries. Imports of rapeseed and peanuts also rose, but domestic production of soybeans, rapeseed, and peanuts all declined.

Soybean imports. At 2.95 million metric tons, imports of U.S. soybeans in 1970 showed a 33-percent gain over the previous year's import level of 2.2 million tons.

Total soybean imports jumped 25 percent—from 2.6 million metric tons in 1969 to 3.2 million metric tons the following year.

Imports of soybeans in 1971 from all sources are forecast at 3.4 million metric tons, 5 percent above the 1970 level. U.S. soybean imports are forecast at 3.1 million metric tons and will account for virtually all the increase.

Aggregate consumption of soybeans for all uses is expected to increase by about 10 percent in 1971.

Rapeseed imports. Imports jumped 21 percent—335,800 metric tons in 1970, compared with 276,300 tons in 1969. Further growth in Japanese imports is expected to result from the removal of the import quota on rapeseed anticipated soon.

Peanut imports. Japanese imports in 1970 totaled 59,000 metric tons (shelled basis), up 34 percent from 1969. Imports of Mainland Chinese peanuts, at about 4,773 metric tons, were about 58 percent below the previous year's level. On the other hand, imports of U.S. peanuts (large kernel) totaled approximately 7,300 metric tons, as compared with none in 1969.

Soybean production. Domestic output has dropped steadily for several years and in 1970 was only 126,000 metric tons, 7 percent less than the 1969 crop of 135,700 tons. However, the Japanese Government has proposed a land diversion program that could help increase domestic soybean production at the expense of rice output.

Rapeseed production. The domestic 1970 crop is now final at 30,100 metric tons, a decrease of 37 percent from the 1969 level. Planted area, at 47,443 acres, was 35 percent less than in 1969. Rapeseed production in 1971 is estimated by the U.S. Agricultural Attaché's Office at 30,000 metric tons. Rapeseed is also included in the riceland diversion program.

Peanut production. The final estimate of 1970 peanut production is 124,200 metric tons (unshelled basis), down 1.4 percent from a year earlier. Planted area, at 148,500 acres, was 1 percent less than a year earlier. It is expected that planted area will increase somewhat in the several years to come because of the riceland diversion payment program. Domestic peanut production in 1971 is preliminarily estimated by the Attaché's Office at 130,000 tons.

The Government—in order to encourage diversion of riceland to other crops and to promote the production of oilseeds—has proposed payment of approximately $393 per acre if soybeans, rapeseed, or other annual crops are planted on paddy fields in 1971.

Certain farmers who plant soybeans cooperatively will receive approximately $450 per acre. On the other hand, it is possible to receive $337 per acre by completely retiring land from production, so it is possible that some land will be withdrawn from rice production and not be put to the raising of other crops.

According to the Japanese Government's food demand projections to 1977, planted area of soybeans will increase to 593,000 acres by that year. However, to reach that level, the Government will probably have to substantially increase producer incentives. (About 5 million acres would be required to grow the soybeans now imported by Japan.)

The Japanese Government also announced that effective soon imports of oilseeds—not previously liberalized—vegetable oils, and soybean meal would be removed from Japan's quota list. Before the liberalization, oils from soybeans, peanuts, cottonseed, sunflowerseed, safflowerseed, corn, rapeseed, mustard, sesameseed, rice bran, and other similar seeds were import quota items. Peanuts for food will be retained on the import quota list.

Two changes in the vegetable oil import tariff schedule also were to go into effect: The import duty on refined vegetable oils, which had temporarily been reduced to 2.5 cents per pound, returned to the longstanding general rate of 3.5 cents per pound except for refined cottonseed oil, which will remain at the lower rate. The import duty on crude edible oil will also remain at 2.5 cents per pound.

Left, selecting the grand champion beef bull at Guayaquil agricultural fair from among bulls bred from U.S. stock. Right, an Andean farmer uses oxen to pull his plow. (Photo: FAO) Far right, registered Holstein-Friesian dairy bull shown at Quito Fair.

Ecuador Seeks
Beef and Dair

By GUY L. HAVILAND, JR.
U.S. Agricultural Attaché
Quito

Ecuador's cattle industry, long plagued by low productivity, is attempting to increase production of beef and dairy products to meet rising consumer demand and to expand exports.

Ecuador's population, which now exceeds 6 million, is increasing by more than 3 percent a year. It will be difficult for the cattle industry to keep up with this rapid growth. Ecuador already has one of the lowest rates of consumption of red meat in South America—27 pounds per person—and many children do not receive sufficient milk.

With much of the better dairy farming areas now under fairly intensive use, the amount of milk produced per cow must expand if Ecuador is to meet the demand for milk from its own production. There are an estimated 280,000 dairy cows in Ecuador, with milk production increasing at about 2 percent a year. Production averages about 6,500 pounds a year for grade cows and 8,500 for purebreds.

The climatic conditions of the Sierra region permit dairy farmers to pasture cows throughout the year on excellent pasture. Most dairy farms in this region are well managed, and many cows produce more than 12,000 pounds of milk a year on pasture. Grain is not normally fed to animals.

A large portion of the present milk supply and most of the meat are from local Criollo cattle. These are descendants of cattle imported by the Spanish in the early 16th century.

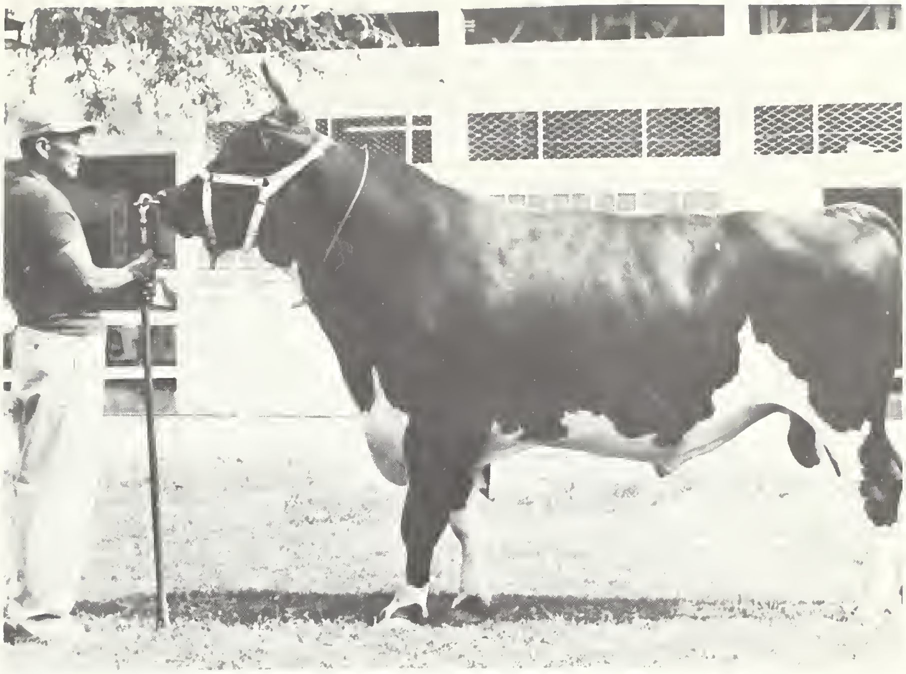
In the late 1800's and early 1900's a few of the better farmers in Ecuador imported purebred Holstein dairy cows from the United States. These animals were taken to the Sierra where they thrived. During the following half century, until 1945, only a small number of additional purebred animals were imported, but, crossed with local cattle, they produced a sizable number of good-quality crossbred dairy cows. After 1945 a large number of purebred dairy animals were imported from the United States, and Eucador now has 20 to 25 large herds of purebred cows.

Imports of American beef cattle, mostly Brahman, have also been an important factor in improving some beef herds in coastal areas, but only the large ranchers have benefited from these imports. Crosses between Brahman and Criollo cattle have resulted in faster maturing, better finished cattle.

The coastal plains are well suited to beef ranching. There are large areas now under improvement which produce year-round pastures. These areas can support more than one animal per acre when planted to some of the new grasses and pasture use is rotated.

Ecuador also has a large area east of the Andes in the upper regions of the Amazon basin which can be adapted to beef cattle ranching. This area is being opened following the discovery of oil. New roads are being planned that will cross the mountains to areas now available only on horseback. The Government of Ecuador has given high priority to development of a cattle industry in this area. As it is opened, Ecuador will import beef cattle to stock the new ranches.

There is a potential market for Ecuadorean cattle in neighboring Peru. Peruvian cattle buyers are unable to purchase the quantity of beef in Ecuador they require to meet the needs of northern Peru. The Peruvian cattle buyers are



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paying 50 percent more for Ecuadorean cattle on the hoof than the regulated prices at municipal slaughterhouses.

More intensive development of the country's cattle industry has been the aim of three World Bank livestock development loans totaling $15 million. The first two loans were entirely for development of the beef cattle industry in coastal areas of Ecuador.

The largest portion of these loans went to convert banana and wasteland to improved pasture. With the remaining funds cattlemen in the coastal plains imported beef breeding cattle. These cattle were the nucleus of what now numbers about 25 good herds of purebred beef cattle. From these herds Ecuador is supplying a large percentage of its present requirement of bulls for crossbreeding with local cattle.

The third World Bank cattle development loan of $10 million was signed in late 1970 and accepted by the President of Ecuador in February 1971. This loan differs from the first two in that it includes dairy as well as beef cattle. The largest portion of this loan, like the previous loans, will be for renovation of farms and conversion of banana plantations to cattle ranching. The remainder of the funds, possibly in excess of $1 million, will be available to import quality beef and dairy cattle.

With this new source of credit available, dairy farmers will be looking for new bloodlines to improve production. U.S.-bred cattle have proven their adaptability, and many dairy farmers will be looking for good bulls from this source. The United States has been the major supplier of purebred cattle to Ecuador, but only a few good dairy bulls have been imported in recent years.

The potential market for beef breeding stocks looks even better than that for dairy cattle. Ecuador's beef industry is just getting started. The few farms having purebred cattle, which are now supplying breeding bulls to the smaller farmers, require new bloodlines to improve stock and prevent inbreeding.

Ecuador needs several hundred head of imported bulls each year if the beef industry is to expand to meet domestic consumption requirements and demand from foreign markets. There will also be limited importation of beef cows until new areas east of the Andes are opened and new ranches are established. These ranchers will mostly be purchasing grade cows in an effort to obtain the maximum number of animals with the limited resources available.

Left, a typical Criollo cow of the Sierra region of Ecuador—a descendant of cattle imported by the Spanish.

West German Economy Up Despite Sag in Farm Output

By GEORGE A. PARKS
U.S. Agricultural Attaché
Bonn

The West German economy is in a phase of readjustment following the most prolonged boom in the postwar period. In 1970, the country's gross domestic product reached $185.7 billion, up from $164.6 billion in 1969. Agriculture's share, however, hit a new low—only $5.7 billion compared with $5.9 billion in 1969.

Agriculture's share of the gross domestic product has been dropping for at least the last decade. In 1970 the farm share was 3.1 percent compared with 5.7 percent in 1960.

Per capita farm output dropped from $3,235 in 1969–70 to $3,221 in 1970–71. By contrast, per capita output in all nonagricultural segments of the nation's economy increased by more than $500 in the same period.

An important factor in low farm productivity was the large number of small farms. At present there are some 1.24 million farms in Germany. Of this total, 45.6 percent (567,000) are considered too small to be viable. These range in size from 1.2 acres to 12 acres and occupy about 9.2 percent of the total agricultural land.

The ratio between the number of farmers in West Germany and their contribution to the economy of the country reveals other shortcomings in the agricultural sector. It required about 1.4 million persons—5 percent of the labor force—to make agriculture's 3.2 percent contribution in 1970.

If the Mansholt Plan—recently enacted by the Agricultural Ministers of the European Economic Community—works as envisaged, there might be some reduction in both the farm labor force and the number of small farms.

Among other things, the plan grants a $600-per-annum pension for farmers 55 to 65 years of age who agree to rent or sell their land to other farmers. This could bring about a merging of some of these small farms into larger units that would permit mechanization and a reduction of labor.

Part of the blame for the drop in agriculture's share of the gross domestic product can be laid to decreases in West German grain production (including mixed grains) which—except for corn—declined sharply from the high levels of the past several years.

Total grain production during 1970 amounted to 17.3 million tons, 8.6 percent less than the 18.9 million tons harvested in 1969, and 8.9 percent less than 1968's 19.1 million tons. Although there was a slight increase in grain acreage, a 9 percent drop in yields contributed to the drop in production.

West German wheat production in 1970 was nearly 5.7 million metric tons, some 300,000 tons less than 1969's production of 6 million tons, and approximately 600,000 tons less than the 1968 production level of 6.2 million tons.

Although 1970 wheat production was lower than in the 2 previous years, the 1970 crop was more representative of the 1966–68 average, while those in 1968 and 1969 were exceptional. West Germany was, for instance, a net exporter of wheat in 1969 for the first time in the country's history.

Barley, oats, rye, winter and summer mixed grains suffered sharp downturns in 1970. The production decline of oats and summer mixed grains was 18 percent—down from 4.4 million metric tons in 1969 to 3.6 million tons in 1970. Oat production continued a downtrend of the past several years but the reduced output of summer mixed grains reversed an earlier uptrend.

Barley and rye and winter mixed grains suffered decreases in excess of 7 percent. The barley crop in 1970 totaled 4.7 million metric tons, 400,000 tons less than the exceptional harvest of 5.1 million tons in 1969.

The 1970 outturn of rye and winter mixed grains—at 2.8 million metric tons—was the low point of a slide that saw production drop by 562,000 metric

Above, horsedrawn seeder on steep slope of small German farm. Below, selling apples in the weekly fruit and vegetable market in Ravensburg.

tons in just 2 years. Rye and winter mixed grains had good harvests in 1967 and 1968, culminating in a crop of 3.3 million tons in the latter year.

The following year—1969—saw a production drop of nearly 330,000 metric tons. Poor weather in 1970 resulted in another downturn and rye and winter mixed grain production dropped another 234,000 tons.

The one bright spot in the grain sector in 1970 was in the production of maize. In the last 3 years, maize outturn has risen by 76 percent, from 287,000 metric tons in 1968 to 507,000 tons in 1970. The gain from 1969 alone was nearly 27 percent.

Sugar beet production was unchanged from 1969, but the lower percentage of sugar in the beet dropped raw sugar production to 430,000 tons, down from 439,000 tons in 1969. Vegetables, wine grapes, and oilseed crops increased substantially over the previous year. The fruit crop, however—at 3.5 million metric tons—was 475,000 tons below the previous year's production; apple production alone declined about 12 percent.

West Germany's production of meat during the 1969–70 production year (August–July) showed gains of 8.4 percent for beef, 6.4 percent for pork, and 13.1 percent for poultry. Veal production declined 8.3 percent.

The output of milk and dairy products set a more varied pattern. Whole milk, cheese, and condensed milk showed increases, while butter and milk powder for skimmed and whole milk showed declines.

Livestock numbers at the end of 1970 showed a slight drop from the previous year's level for cattle, calves, sheep, and horses. Cattle and calves dropped 2 percent to 14 million head, sheep dropped by 1,000 head to 839,000.

Hog numbers increased by 9 percent to 21 million, up from the previous year's 19.3 million head. Estimates for 1971 indicate a slight decrease in hog numbers, perhaps because of a downturn in hog prices that has developed since mid-October 1970.

EC premiums, granted to farmers for slaughtering cows in order to cut dairy surpluses, contributed to a decline of cows in Germany during the 1969–70 production year. These slaughter premiums were discontinued in July 1970. Total cow slaughterings amounted to 1.58 million head compared with 1.41 million in 1968–69. However, milk production still exceeded the previous year's level by 141,000 tons.

A decline in monthly output of milk since April 1970 suggests that milk production will be lower in the 1970–71 production year.

The forecast for 1971 is for another small reduction in dairy cow numbers but not much change in the production of milk. Domestic production of beef and veal will decline in 1971. Any upward change in consumption will probably depend on a decision to import a larger volume of meat or a greater number of live animals than last year.

A small downturn in hog numbers is expected with a small reduction in pork output. Most of this will occur in the last half of the year.

West Germans Call for Bigger, Specialized Farms, More Investment

The West German Bundestag Committee for Agriculture recently held open hearings in Bonn on the subject, "Agriculture in 1980." A group of bankers, traders, representatives of farm groups, and university professors presented papers on West German agricultural development, income, marketing, prices, structure, and policy. The divergent views presented at the hearings do not represent Government policy, but it is probable that future policies will evolve from some of the ideas presented to the committee.

Most of the speakers made it clear they favored larger, more viable farms, farm specialization, and greater capital investment in agriculture. They also expressed general agreement on the need for the accelerated movement of labor from the farm to other segments of the economy and a switch from general farming to high-value specialized agriculture.

Some of the general views of the speakers are capsulized here:

• Real farm income in the seventies can be increased only if the number of farmers decreases. Agricultural income in 1980 may be only slightly higher than in 1968–69.

• The net domestic product of West German agriculture in 20 years will probably be at about the same level as today, but the number of fully employed farmers—whose primary income is derived from agriculture—will drop from 1.7 million to 1.1 million in 1980.

• West Germans are eating in restaurants and cafeterias more often, and are demanding more processed and high-quality foods. Simultaneous with these shifts is the growth in direct contracts between farmers and the food processing industry. These trends could lessen the importance of traditional wholesale trade organizations as collectors and distributors of products being produced by small individual agricultural operators.

• Growth opportunities for units currently classified as grassland farms are unfavorable and may get worse. A more favorable outlook was predicted for farms with a high percentage of land under crop cultivation and with good yield potential.

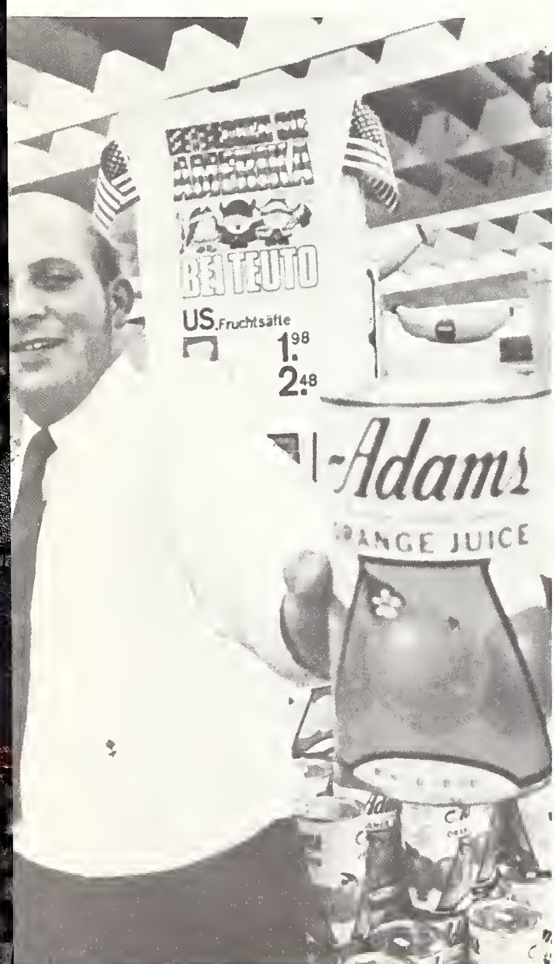
• The principle that the Federal Government should determine whether a farm unit is worth—or not worth—developing is correct. However, the difficult situation of many West German farmers requires a generous social supplementary program.

• The school system should be redesigned to meet agriculture's needs.

West German Imports of U.S. Farm Items Set 1970 Record

By GEORGE A. PARKS
U.S. Agricultural Attaché
Bonn

U.S. food promotions in German supermarkets catch consumer attention.



West Germany's agricultural imports in 1970 reached record levels—both in total value of farm imports and in the value of imports from the United States, according to the West German Statistical Office. Total farm imports rose to $6.4 billion, while imports from the United States reached $696 million.

West Germany's imports from the United States in 1970 represented a gain of 27 percent over the $547 million registered in 1968 and 1969. The U.S. share of total German agricultural imports amounted to 10.8 percent, but it was still below the 1960–66 period. Three commodities—oilseeds, grains, and tobacco—accounted for 80 percent of all West German imports from the United States.

Biggest gainer in 1970 was oilseeds and products, which climbed from $239 million in 1969 to more than $313 million. In 1960, this category made up only 25 percent of all West German farm imports from the United States. In 1970 oilseeds and products constituted 45 percent of all U.S. farm imports by West Germany.

The value of U.S. soybeans imported tripled from $70 million in 1960 to $217 million last year.

German imports of U.S. foodgrains and feedgrains totaled $188.3 million in 1970—27 percent of all farm imports from the United States. Feedgrains made the second largest gain—after oilseeds and products—rising from $70.9 million in 1960 to $124 million in the past year.

Corn imports showed sizable gains to become the biggest feedgrain moneymaker. Total imports in 1970 were $114 million, a figure more than three times as great as the $31 million of 1960 and 73 percent greater than 1969's $65.8 million.

Raw tobacco imports from the United States in 1970 were $64.5 million, down substantially from the $102.7 million of 1969, but tobacco was still one of the top U.S. moneymakers in 1970.

Fruit and vegetables accounted for $43.7 million of total farm imports from the United States. Major increases were in almonds and canned peaches.

Cotton, the largest German import from the United States in 1960, has declined during the past decade until in 1970—at $6.9 million—it represented just 1 percent of the total.

Total West German farm imports from all suppliers have been slowly mounting for at least the past decade. They averaged $3.65 billion during 1960–62, fluctuated around $5 billion during 1965–68, rose substantially to $5.5 billion in 1969, and climbed still further to $6.4 billion last year.

Fruit and vegetable imports by West Germany accounted for $1.42 billion in 1970, or about 22 percent of total agricultural imports. Other major commodities imported included oilseeds and products ($716 million), grains and products ($643 million), meat and poultry ($614 million), coffee ($373 million), natural fibers ($367 million), dairy products and eggs ($365 million), and raw hides and pelts ($213 million).

WEST GERMANY'S U.S. FARM IMPORTS 1960, 1965-70

Item	1960	1965	1966	1967	1968	1969	1970
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*
Soybeans	70.1	138.9	185.2	170.6	147.6	133.9	216.8
Oilmeals	5.5	38.4	66.3	66.4	59.5	81.7	82.6
Vegetable oils	36.0	27.3	7.5	.7	4.0	9.5	9.5
Corn	30.9	77.9	81.3	67.3	90.2	65.8	114.1
Barley	24.9	13.6	20.1	5.5	1.8	.1	6.0
Wheat	13.2	24.1	38.6	37.4	36.2	19.4	53.7
Rice	4.6	6.2	9.5	10.3	13.6	12.1	10.2
Miscellaneous feeds	.1	2.2	2.8	1.3	6.5	6.4	6.1
Tobacco, raw	48.4	76.3	90.6	105.7	77.2	102.7	64.5
Fruits, vegetables	30.0	47.1	31.2	23.6	18.4	25.1	43.7
Cotton	84.0	29.6	21.2	21.0	12.4	6.0	6.9
Meats, poultry	10.7	38.4	33.8	22.1	14.6	14.6	17.2
Hides and pelts	18.2	28.0	27.7	17.4	22.5	28.2	22.0
Other	72.5	56.3	59.9	41.1	42.7	41.6	42.6
Total	449.1	604.3	675.7	590.4	547.2	547.1	695.9

Source: Federal Statistical Office, Wiesbaden, Germany.

Bread carts rolling along the streets of Indonesian cities are one of the signs of the growing consumer taste for bread as well as pasta products.

New Dietary Patterns Spark U.S. Flour Exports To Indonesia

By JEROME M. KUHL
U.S. Agricultural Attaché
Djakarta

Indonesian consumers, who once relied solely on rice as the staple grain in their daily diets, have acquired a growing taste for bread and pasta as a result of increased imports of U.S. flour during the past several years. Today, it's hard to find a bowl of soup in Djakarta without a noodle in it; and, thanks to plastic bags, fresh bread and rolls can be found in remote Indonesian villages.

However, Indonesia's increasing flour imports may soon give way to imports of wheat itself. The recent change in consumption has caught the attention of a number of Indonesian and foreign investors who plan to open flour mills in the near future.

Until 1957, Indonesia was a substantial importer of wheat flour—consumed mostly by the foreign community. Following the nationalization of most foreign-owned companies in that year and the exodus of their owners and foreign employees, flour imports dropped to a level which indicated just how little flour was consumed by native Indonesians. Flour consumption dropped from 160,000 metric tons in 1957 to 97,000 metric tons in 1958—a scanty supply for a population of over 91 million.

There was some recovery in the early sixties but, under the pressure of Indonesia's economic difficulties during the last years of the Sukarno regime, flour imports slipped to only 32,000 metric tons in 1964 and 1965. Per capita consumption was down to two-thirds of a pound annually.

Following a poor rice crop in 1967, when rice prices soared out of the reach of most Indonesians, the Government made a determined effort to reduce the country's dependence on rice. Wheat flour was available from a number of sources, including P.L. 480; and, with the help of a substantial subsidy from the Indonesian Government, the consumer was enabled to buy flour at a price actually lower than the cost at the foreign flour mill.

Even with the availability of inexpensive flour, there was some doubt that the Indonesian consumer would be willing to change his eating habits. However, flour consumption quickly bounced back to the level of 1957; and in 1968, the market absorbed 275,000 metric tons. Consumption grew to 379,000 tons in 1969 and to 460,000 tons last year—a fourteenfold increase over the low of the mid-sixties.

Almost all the flour imported by Indonesia since 1967 has been under concessional terms. The United States has supplied most of it under P.L. 480, but there have also been substantial donations by many countries of Western Europe, Canada, and Australia under the Food Aid Convention of the International Grains Arrangement.

Government policy has been to make the flour available to the consumer at two-thirds the price of rice, but even with the relatively large supplies of the past few years demand has kept the price at or above that of rice. The money the Indonesian Government realizes from the funds generated by the sale of this wheat flour to the consumer is put into the Development Budget, most of which is used to improve Indonesia's agriculture.

Recently, Indonesia has experienced several consecutive good rice crops. This, along with good prospects for increased rice production in the future, has relieved the upward pressure on rice prices. As a result, the Indonesian Government recently increased the price of flour. This is expected to cause consumption to level off at about 45,000 metric tons per month and will, in turn, enable the Government to realize more money for the Development Budget.

In the meantime, investment in flour production is well underway. Construction has already begun on three flour mills. A mill is scheduled to open in Djakarta in August 1971 while those in Surabaja and Makassar are to begin operations in early 1972. Since Indonesia produces no wheat, all of it will be imported. And as Indonesia has only a small livestock and poultry industry, milling byproducts will be mostly exported until Indonesia's domestic consumption increases.

Swedish Food Bill Would Regulate Imports, Production, and Handling

Sweden may be moving toward more Government regulation of food importing, production, and merchandising, with a new food bill introduced in Parliament in early April.

This bill is a companion piece to another one introduced in late March, which provides for establishment of a new Food Board, effective January 1, 1972. This board would take over several food, health, and sanitary control activities now scattered among a number of agencies, including the National Veterinary Board, the Institute of Public Health, and the Board of Trade.

The Food Board's governing body would include representatives of consumers, trade, industry, and agriculture and would have broad powers to issue and enforce regulations.

The new food law is expected to authorize or impose a number of new requirements, including;

- Compulsory medical examination of all food-handling personnel in slaughterhouses, meat-processing facilities, dairy plants, bakeries, and restaurants.
- Laboratories and testing facilities at all food-manufacturing establishments.
- Tightened rules on additives and a reduction in the number of approved additives. Possible genetic effects of additives will be given more attention.
- Name of manufacturer or packer on all foods in containers.
- Packing and latest consumption dates on such products as frozen foods and foods that do not keep indefinitely.
- Information on containers concerning keeping period in various types of storage (freezers, refrigerators, etc.)
- More detailed requirements dealing with declarations of contents to insure accurate descriptions.
- Designation of a person in each foodstore to supervise compliance with food laws and to whom customers may make complaints.
- Establishment of food standards.
- Declaration of nutritional value.
- Stricter rules regarding food for diabetics and the aged.
- For imports, identification of country of origin and importer.
- Tighter rules for handling perishables, including classifying products by temperature requirements.

To date, opposition to the food bill appears to center on the provision that packing and latest consumption dates be shown, on the grounds that this could be misleading, involves extra costs, and provides no information on the age and condition of the product when it was packed.

While these and other views may result in modification of the proposal or administrative arrangements permitting easement, there is substantial Swedish political support of measures to keep consumers informed about the nature and value of products offered for sale. It appears reasonably certain that if the new food law becomes fully effective under the new board, Swedish food buyers will be among the world's most protected and best informed.

Israeli Breeders Eye Cyprus Cattle Market

Israeli breeders of Friesian dairy cattle are seeking to develop Cyprus as an export market. In order to draw attention to the qualities of the breed, the Israeli Government recently presented the island's Minister of Agriculture with five bred Friesian heifers for the Anthalassa Research Station.

A recent market survey by the Israeli Cattle Breeders Association revealed that milk yields on Cyprus are low, and as a result milk and milk product imports are relatively large. Import statistics for 1969—the latest year available—show that total agricultural imports amounted to \$30.7 million, and dairy products and milk and cream accounted for more than \$5.6 million of the total.

Israeli Friesian cattle breeders believe that, because of high standards of animal husbandry maintained on the island and the high productivity of Friesian cattle, important cuts may be made in Cypriot imports of dairy products.

Israeli Friesian cows have one of the highest average yields per animal recorded anywhere—14,000 pounds of milk at 3.2 percent fat in 1970 for all registered Friesian cows. In 1970, Israel exported 1,700 bred heifers with an f.o.b. value exceeding \$1 million. Major markets were Iran and Italy.

High Prices Prompt Mexicans To Plant Large Peanut Crop

Encouraged by high prices, Mexican farmers produced their largest peanut crop in 1970–71 since the record harvest of 1966–67, but production is expected to decline again next year. Because of growing domestic demand this year's exports are not expected to increase significantly.

This year's crop of 70,700 metric tons is considerably larger than last year's 55,900 metric tons largely because of a 56-percent increase in the production of the northern region. Farmers in this area, particularly in the State of Chihuahua, planted peanuts as a replacement for cotton, which had failed badly in recent years. Peanuts were especially attractive because of the high price of \$184 a metric ton paid for the 1969–70 crop.

However, the price for the 1970–71 crop has fallen to about \$150 a metric ton, and planting for next year is expected to return to a lower level.

The farmers are reportedly disenchanted by unfulfilled promises from contracting companies. Many of these companies are said to have promised assistance in the form of improved seed, advance payments, and technical advice. Farmers claim these pledges have not been carried out.

Domestic demand for the peanut crop continues to increase, and the Mexicans have not been able to maintain any carryover stocks for the past 3 years. This has been reflected in a steady decrease in exports, but exports are expected to recover somewhat to 4,400 metric tons in 1970–71. Mexico is a very small supplier of peanuts to the world market, and its exports are not large to any country.

Almost all of Mexican peanut exports are made by one large company, but permits for both exports and imports are granted by a Government agency composed of representatives from the Secretaries of Industry, Commerce, and Agriculture.

Except for the years 1968–69 and 1969–70, when Mexican farmers were permitted to import planting seed from the United States to improve their badly inbred stock, imports of peanuts for any purpose have been nil for the past few years.

U.S. Aid to African Cattlemen

A unique U.S. Government loan of $6 million to help a five-nation West African economic community establish a common market for meat and improve livestock production has been authorized by the Agency for International Development.

The loan will be made to the Mutual Aid and Loan Guaranty Fund of the Council of the Entente, an African regional association established in 1959 by Dahomey, the Ivory Coast, Niger, and Upper Volta. Togo joined the association in 1966.

The association's general objective is to promote economic, cultural, and social coordination to achieve mutual benefits that the individual small member states in the association could not otherwise achieve.

Because the Middle West African region is unable to produce enough meat to supply domestic demand—although the large majority of the population live in rural areas and are dependent on agriculture—the Entente Fund has concentrated on increasing livestock production, as well as other agricultural output.

For more than 4 years, the Fund has been working to establish a program for improved regional production, transportation, and marketing of livestock. Last year, the Entente countries agreed to set up the Economic Community for Meat and Livestock. AID and the French foreign economic assistance agency, the Fonds d'Aide et de Cooperation, agreed to provide five technical advisors. The original AID contribution consisted of grants totalling $395,000 for technical assistance in marketing and economics, and for development of statistics.

The AID loan will finance both importation of commodities—principally heavy equipment—and services needed for specific investment projects in the livestock industry, plus the local currency costs of the projects. Such projects will include cattle trails, pastures, water points and wells, slaughterhouses, markets, and control points at international frontiers.

Australian Fruit To North America

Exports of Australian pears and apples to Canada and the United States are expected to reach a record high of nearly 1 million bushels in 1971—more than double 1970 shipments.

The 1971 volume is estimated at 600,000 bushels of pears and 400,000 bushels of apples. The combined shipments of fruit to the two countries in 1970 totaled 286,000 bushels of pears and 165,000 bushels of apples.

The abundance of high quality Australian fruit, coupled with a heavy supply of European fruit in storage, have caused Australian exporters to increase shipments to North America beyond earlier expectations.

Holstein-Friesian Executive Honored

Robert H. Rumler, executive secretary, Holstein - Friesian Association of America (HFAA), was recently awarded the "Distintivo de Oro" by the Board of Directors of the Argentine Holstein-Friesian Breeders Association.

The honor, signified by a gold medal, is given to persons who have rendered important services which deserve recognition. Mr. Rumler is the fourth recipient of the award and the second person outside of Argentina to be so honored.

The history of cooperation between Argentine and U.S. Holstein-Friesian breeders is a long one. The first registered Holsteins were imported from the United States by Argentine dairymen before 1920, and since the inception of the Argentine Association (ACHA) in 1944, HFAA has helped build and strengthen ACHA's position in breeding and marketing Holsteins in South American countries.

HFAA has sent judges to officiate at the popular dairy shows in Argentina and has provided qualified men to help carry out programs for breed improvement. As Executive Secretary of HFAA since 1954 Mr. Rumler has done much to foster this spirit of cooperation.

Dominican Republic Ups Value of Fruit, Vegetable Exports

Between 1967 and 1970, the Dominican Republic doubled its exports of fruits and vegetables and there are prospects they may be doubled again by 1975. In 1970 exports totaled over $6 million, compared with shipments valued at $3 million in 1967. Nearly all of the export shipments were fresh, and the United States—including the Commonwealth of Puerto Rico—was the leading market for them.

Generally, however, growth of the Dominican Republic's exports of fresh fruits and vegetables has not been as rapid as had been predicted in studies made in that country. One report stated that by 1970 the Dominican Republic could expect to supply U.S. markets with much of the fruits and vegetables normally furnished by Mexico and earn about $10 million.

Part of the current lag in growth of exports can be blamed on unfavorable weather conditions—especially during late 1967 and part of 1968. However, there are also production and market problems that have held back the rate of growth of the fruit and vegetable industry in the Dominican Republic.

Meanwhile, an interesting pattern has begun to evolve in shipments of Dominican Republic fruits and vegetables. While the value of exports of such common items as onions, cantaloupes, cucumbers, tomatoes, and watermelons has generally declined in the past several years, the value of a number of specialty items has risen sharply during the same period.

These fruit and vegetable products —pigeon peas, yucca, yautía, yams, fresh coconuts, and plantains—have been basic foodstuffs in the Dominican Republic for years and to increase their production would require no special methods. Already these products find good markets in Puerto Rico and among Latins living in New York City, Miami, and other east coast cities of the United States.

It is believed that future significant growth in Dominican Republic fruit and vegetable exports will be among these specialty items. At present, the Dominican Republic is a major source of supply for shipments of these products to the United States.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 2	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.89	0	2.01
USSR SKS-14	1.86	−3	(1)
Australian FAQ	1.78	0	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	1.89	+2	1.91
15 percent	1.94	+2	1.99
U.S. No. 2 Hard Winter:			
13.5 percent	1.90	+2	1.86
No. 3 Hard Amber Durum	1.79	0	1.93
Argentine	(1)	(1)	1.81
U.S. No. 2 Soft Red Winter	1.75	+1	1.70
Feedgrains:			
U.S. No. 3 Yellow corn	1.68	+2	1.66
Argentine Plate corn	1.75	+4	1.72
U.S. No. 2 sorghum	1.47	+1	1.43
Argentine-Granifero sorghum	1.46	+2	1.38
U.S. No. 3 Feed barley	1.21	+1	1.08
Soybeans:			
U.S. No. 2 Yellow	3.40	+3	3.15
EC import levies:			
Wheat (Aug.)	1.41	+1	1.40
Corn [2] (Aug.)	.70	−4	.73
Sorghum [2] (Aug.)	.93	−3	.83

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Sugar and Tropical Products

East Pakistan Resumes Raw Jute Exports

Raw jute shipments from East Pakistan were resuming in mid-May with little increase in prices, according to preliminary reports from U.S. trade informants. Reduced consumption by Pakistani mills, a result of political turmoil, added to export availabilities.

There have been no reports that U.K. spinning mills were forced to close or reduce output during the period when shipments were completely shut off, although "spot" and "afloat" prices climbed sharply. Stocks in the United States, a small raw-jute consumer, were apparently adequate, and prices remained comparatively stable.

The fact that civil strife broke out at the end of the crop year, when consumers had already covered most of their raw material requirements, dampened the impact on foreign buyers and should permit an early return of relative calm to the jute market. The 1971–72 crop, which should start moving to market in June, is thought to be substantially smaller than last year's.

Ceylon's Tea Exports Up in 1970

Ceylon's 1970 tea exports totaled 459.4 million pounds, up 3.4 percent over 1969 shipments of 444 million pounds. Reflecting higher world prices and larger volume, the value of 1970 tea exports rose by 5.4 percent to Cey Rs1,119 million (US$188 million), compared with Rs1,061 million ($178 million) in 1969. Shipments to the United Kingdom inceased by 25 million pounds over the previous year's level to 156 million. Shipments to the United States, however, fell by 5.6 million to 39.7 million pounds.

Despite the larger exports, Ceylon failed to meet the quota of 464 million pounds allocated under the producers' Mauritius Agreement. Export availabilities were limited by a 3.4-percent decline in the 1970 crop, which reached only 467.8 million pounds, the smallest harvest since 1962. The lower production was attributed to more selective plucking, unfavorable weather, delayed fertilizer application in 1969, and abandoning of some marginal acreage for economic reasons.

Kenya Harvests Larger Pyrethrum Crop

Kenya's pyrethrum production (dry-flower basis) for the first 5 months of the 1970-71 (October-September) season amounted to 11 million pounds, compared with 7.3 million pounds during the same months of 1969-70. Total 1969-70 production was only 13.2 million pounds, down from 16.4 million in 1968-69 and 24.8 million in 1967-68.

Kenya remains the world's largest pyrethrum producer and the United States the largest consumer. In 1970, the United States imported $5 million worth of pyrethrum extract and dry flowers, of which $1.8 million was from Kenya and $1.5 million from Tanzania.

Cotton

Larger U.S. Raw Cotton Exports

U.S. cotton shipments in the first 9 months (August-April) of the current season totaled 2,892,000 running bales, which surpassed total exports for the past two seasons. In April 1971, cotton exports amounted to 467,000 bales, down slightly from March shipments of 562,000 bales but about 50 percent larger than the 308,000 bales exported in April 1970. The

August 1970-April 1971 total is 44 percent above the 2,814,000 bales that were reported for the same 9-month period last year.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1				
	Average			Aug.-Apr.	
	1960-64	1968	1969	1969	1970
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	0	0	0	0
Belgium & Luxembourg	121	30	19	16	41
Denmark	14	1	([1])	([1])	([1])
Finland	17	3	6	6	2
France	319	88	30	27	52
Germany, West	269	31	26	23	61
Italy	345	62	46	40	47
Netherlands	110	19	19	15	31
Norway	13	5	1	1	3
Poland	125	106	51	51	0
Portugal	21	8	2	2	4
Romania	2	0	46	46	33
Spain	74	5	4	3	18
Sweden	81	51	37	34	26
Switzerland	74	32	15	13	31
United Kingdom	244	48	38	30	75
Yugoslavia	112	54	0	0	0
Other Europe	15	7	4	2	11
Total Europe	1,979	550	344	309	435
Algeria	9	27	11	10	20
Australia	61	0	([1])	([1])	7
Bolivia	7	0	0	0	0
Canada	353	108	181	135	226
Chile	18	([1])	1	1	1
Congo (Kinshasa)	6	0	0	0	0
Ethiopia	9	9	1	1	2
Ghana	1	17	27	27	36
Hong Kong	148	194	61	49	173
India	314	174	261	118	167
Indonesia	40	105	242	119	71
Israel	15	1	([1])	([1])	1
Jamaica	4	2	2	2	1
Japan	1,192	536	623	512	702
Korea, Republic of	261	447	455	323	368
Malaysia	1	6	6	5	9
Morocco	12	19	28	16	20
Pakistan	14	1	16	9	0
Philippines	123	119	146	91	84
Singapore	1	3	2	2	9
South Africa	41	9	4	3	15
Taiwan	209	259	193	144	304
Thailand	34	66	54	32	119
Tunisia	2	0	5	5	0
Venezuela	8	([1])	([1])	([1])	8
Vietnam, South	46	62	99	97	95
Other countries	16	17	6	4	19
Total	4,924	2,731	2,768	2,014	2,892

[1] Less than 500 bales.

Fruits, Nuts, and Vegetables

U.K. Hop Production Up in 1970

Finalized data place the United Kingdom's 1970 hop production at 26.5 million pounds, 13 percent above last season's and 9.5 percent above preharvest estimates.

Although weather conditions were favorable during the spring of 1970, the industry felt production would be adversely affected by the low rainfall in June and July. However, weather during August was exceptional and yields were much better than forecast. Production during 1970 averaged 1,540 pounds per acre, compared with 1,404 pounds the preceding year and 1,244 pounds in 1968.

Hop acreage during 1970 totaled 17,213 acres, 3 percent over 1969's 16,719 acres but still below the 1968 level of 17,919 acres.

Grower prices averaged 78.6 cents per pound in 1970 compared with 79.8 cents in 1969 and 83.4 cents per pound in 1968. The 1970 average price for Grade 1 Goldings was 91.2 cents per pound, while the Fuggle variety sold for 81.6 cents per pound.

German Import Tenders for Asparagus

West Germany has announced two tenders allowing imports of canned asparagus spears from the United States, Argentina, Australia, Brazil, Israel, Japan, Canada, Mexico, Peru, Switzerland, Spain, South Korea, Taiwan, Thailand, and Uruguay. Applications for licenses can be submitted through December 22, 1971.

Licenses from the first tender will be issued only to applicants who received licenses under one or more of the three tenders issued in 1970. Licenses from the second tender will be issued to firms not eligible under the first. Import licenses will be valid until December 31, 1971. The first day of customs clearance is June 16, 1971.

The West German Government has reserved the right to invalidate any licenses issued if the Council of Ministers of the European Community approves the EC Commission draft regulation regarding Community imports of fruits and vegetables from third countries.

Frost Damages Chilean Wine Grapes

Chile reports that frost in early April damaged vineyards and delayed the harvest of winery grapes in the Provinces of Curico and Talca. Estimates indicate that wine production was cut 10–15 percent in this area, which produces about 20 percent of the national total.

Crops and Markets Index

U.S. Grapefruit Makes Hit With Italian Consumers

By ALBERTO CACCIAGUERRA
Office of U.S. Agricultural Attaché
Rome

Just a few years ago exporting U.S. citrus fruit to Italy would have been like shipping coal to Newcastle. Italy for many years—even long before World War II—has been a major producer and exporter of citrus products. Both production and exports are continuing to increase along with growing consumer demand.

Grapefruit, however, is a different story. Italy is only a small-scale producer of these and in 1966–67, for example, output was 603 metric tons. Production has climbed steadily since then but it is expected to reach only 950 tons in 1970–71. Moreover, Italian grapefruit is of inferior quality and lacks good juice characteristics.

As a consequence, most Italians never developed a taste for the product until 1966–67 when Israel shipped 3,394 tons of high-quality Jaffa grapefruit to the Italian market. Some 400 tons came in from other sources.

Israel and other suppliers of these early shipments were able to comply with Italian regulations limiting the use of preservatives and fungistats for citrus fruits. These regulations kept out fruit from countries far enough away to make preservatives necessary—such as the United States.

In 1967–68 these rules were changed by the adoption of more liberal EC directives on the use of diphenyl, a decay-preventing chemical used by U.S. and other exporters.

Although the United States could now comply with these requirements, U.S. fruit continued to be prohibited for phytosanitary reasons. Finally in 1970 the Italian Government permitted the importation of U.S. grapefruit from October 1, 1970, through March 31, 1971, and on May 4, 1971, authorization was given to import for the remainder of the year. The Italian Government had already agreed to allow U.S. grapefruit to enter the Italian market between October 1, 1971, and March 31, 1972.

U.S. grapefruit shipped in 1970–71—almost exclusively from Florida because of the limited October–March period—immediately made a hit with Italian consumers. During the period September 1970–March 1971, some 1,289 metric tons of U.S. grapefruit, valued at $241,000, were shipped to Italy.

U.S. grapefruit must, however, compete with the Israeli product, which has won an important foothold through its fine quality and an intense promotional effort. Advertising has been primarily directed toward housewives through various media.

In addition, Israeli grapefruit benefits from the 40-percent tariff preference accorded Israeli grapefruit under the 1970 trade agreement between Israel and the European Community.

U.S. grapefruit—so far—has competed favorably with the Israeli product and those from other countries. Its quality, aroma, and juice content have a great appeal.

Although there will be more competition in the future for a share of the growing grapefruit market, high quality grapefruit will probably fare best. Italians—because of their country's historic position as a fruit producer—recognize quality products and, owing to an increasing take-home pay, will probably purchase more top-quality foods. In addition, there are about 25 million tourists who visit Italy each year, many of whom eat grapefruit and will demand the best quality.

The first important group of grapefruit consumers in Italy were non-Italians living in Italy—particularly the tourists. Later sales picked up among upper and then middle income Italians as they began to eat grapefruit. Consumption continued to grow steadily as more and more people became familiar with high-quality American citrus.

Although Italians prefer fresh fruit juice rather than processed juice, there is a definite growing trend toward imported processed grapefruit juice. Total grapefruit juice imports during the 1969–70 commercial year were valued at $1.6 million, three times more than in the previous year. Indications are that grapefruit juice imports will be 20 percent higher during 1970–71.

U.S. trade figures show that grapefruit juice exports to Italy have risen from 63,315 gallons in calendar 1968—valued at $78,864—to 319,000 gallons in calendar 1970—worth $411,800.

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